

Message Text

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PAGE 01 MOGADI 01498 101142Z

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ACTION OPIC-12

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FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC IMMEDIATE 1318

UNCLAS MOGADISCIO 1498

PASS OPIC FOR GILBERT FROM HOEVELER

E.O. 11652: N/A

TAGS: EIND

SUBJ: FEARN/PRODMA

1. ATTORNEY GENERAL FOR CIVIL AFFAIRS HAS RULED GSDR NOT RPT NOT PREPARED CONCLUDE ANY AGREEMENT WITH FEARN UNTIL PRODMA HAS BEEN PUT INTO LIQUIDATION AND FEARN HAS ACQUIRED TITLE TO ALL REMAINING ASSETS AS PRINCIPAL CREDITOR. AT THAT TIME THEY WILL PURCHASE SUCH ASSETS FOR DOLLAR EQUIVALENT 2 MILLION SHILLINGS SOMALIA, PAYMENT WITHIN 30 DAYS OF SIGNATURE OF AGREEMENT. LETTER THIS EFFECT BEING DELIVERED TO HOEVELER THURSDAY.

2. OUR PROPOSAL UP TO NOW HAS BEEN THAT FEARN SELL TO GSDR ITS PROMISSORY NOTES AND SHARES IN PRODMA AND THAT GSDR MOVE TO LIQUIDATE PRODMA JUST AS SOON AS IT BECAME 49 PERCENT OWNERS. WE SWEETENED DEAL BY SUGGESTING TWO SAFEGUARDS AGAINST CLAIMS BY CREDITORS OR STOCKHOLDERS: (A) GSDR OBTAIN WAIVERS FROM THE SOMALI STOCKHOLDERS AND ALSO THEIR AGREEMENT TO LIQUIDATION OF PRODMA; (B) A WARRANTY BY FEARN RE FOREIGN AND DOMESTIC CREDITORS.

3. ALL THIS WAS ACCEPTED BY THE MINISTRY OF FISHERIES AND SIGNATURE WAS IMMINENT, WHEN THE ATTORNEY GENERAL RETURNED FROM ABROAD AND RECEIVED INSTRUCTIONS FROM THE PRESIDENCY TO LOOK VERY CAREFULLY INTO THE PRODMA DEAL. THE RESULT OF HIS REVIEW IS REPORTED IN PARA 1 ABOVE.

UNCLASSIFIED

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PAGE 02 MOGADI 01498 101142Z

4. NOW LOOKS LIKE PROMPT LIQUIDATION ONLY ROUTE OPEN AS NO MINISTRY WILL MOVE IN VIEW OF THE ATTORNEY GENERAL'S RULING. IS FEARN OR OPIC PREPARED TO AUTHORIZE SHEIK AHMED TO BEGIN SUCH PROCEEDINGS IMMEDIATELY? AHMED'S FEE WILL REMAIN TWO PERCENT OF TOTAL TAKE OUT OF APPROXIMATELY \$377,000. THERE WILL HOWEVER BE COURT COSTS AND LIQUIDATOR'S FEES. AHMED HOPES TO GET UNCONTESTED LIQUIDATION UNDER "INJECTIVE DECREE" IN WHICH CASE REGISTRATION COSTS WILL BE ONE PERCENT OF VALUE OF ASSETS, PRESUMABLY \$377,000. IF LIQUIDATION IS CONTESTED HOWEVER LIQUIDATOR'S FEES COULD BE ANYWHERE BETWEEN TWO AND FIVE PERCENT OF VALUE OF REMAINING ASSETS.

5. ATTORNEY GENERAL PREPARED TO RENDER ALL POSSIBLE ASSISTANCE AND HE AND AHMED ESTIMATE UNCONTESTED LIQUIDATION WILL TAKE SIX TO EIGHT WEEKS TO COMPLETE.

6. CARETAKER PROBLEMS REMAIN. LIBAN IN MOGADISCIO BUT DOES NOT HAVE PROPER DOCUMENTATION. WE ARE NOW AGREED ON WHAT HE IS TO SUPPLY TO JUSTIFY HIS \$4,000 FIGURE AND HE WILL SEND THIS MATERIAL FROM CHISIMAIO TO MOGADISCIO ON SUNDAY PLANE. \$3,000 IS TERMINAL EXPENSES OF GUARDS: THEIR SALARIES HAVE BEEN PAID THROUGH 30 SEPT; \$1,000 IS FOR SECURITY LIGHTS HE PURCHASED SOME MONTHS AGO AND FUEL FOR HIS JEEP AND FOR BOAT, MOTOR OF WHICH IS STARTED DAILY. HE WILL FURNISH CERTIFIED UNPAID SUPPLIERS' INVOICES THESE ITEMS. LIBAN ALSO CLAIMS FEARN OWES HIM SIX MONTHS VACATION PAY, ONE MONTH FOR EACH OF THE SIX YEARS HE WORKED FOR PRODMA, TOTAL \$1,500.

7. COST PER MONTH TO OPIC OF LIBAN AND GUARDS WILL BE \$1,000 MADE UP OF SALARIES, GAS FOR JEEP, FUEL FOR BOAT, ELECTRICITY FOR SECURITY LIGHTING. FIRST \$1,000 WILL BE DUE 1 NOVEMBER. FUNDS CAN BE CABLED TO MANAGER, SAVCREDIT, CHISIMAIO, FOR ACCOUNT LIBAN-OPIC. HE WILL OPEN THIS SEPARATE ACCOUNT ON SATURDAY AND FURNISH ACCOUNT NUMBER WHEN ASSIGNED. HE WILL FURNISH MONTHLY STATEMENTS OF USE OF FUNDS. OPIC MAY WISH TO HANDLE MATTER DIFFERENTLY, BUT AT LEAST THIS COVERS NOVEMBER AND PROMPT PAYMENT SECURITY PERSONNEL MOST IMPORTANT.

8. BUNKERING. MEETING 11:00 A.M., THURSDAY, WITH ATTORNEY GENERAL, FISHERIES AND PETROL IN ATTEMPT GET SIGNATURE BY SOMPET

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PAGE 03 MOGADI 01498 101142Z

ON BASIS OF FFIS COMPENSATION AND NOT SALE OF ASSETS. WILL ADVISE OUTCOME SOONEST.

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